RHIF YR EITEM AR Y RHAGLEN **AGENDA ITEM No.**
……….. ……….

CYNGOR SIR YNYS MÔN / THE ISLE OF ANGLESEY COUNTY COUNCIL	
ADRODDIAD I / REPORT TO	PWYLLGOR GWAITH / THE EXECUTIVE
DYDDIAD / DATE:	7 MEDI/SEPTEMBER 2010
PWNC / SUBJECT:	ADRODDIAD BLYNYDDOL AR REOLI TRYSORLYS AM Y FLWYDDYN ARIANNOL 2009/10 / ANNUAL REPORT ON TREASURY MANAGEMENT FOR FINANCIAL YEAR 2009/10
DEILYDD(ION) PORTFFOLIO / PORTFOLIO HOLDER(S):	CYNG/CLLR TOM JONES
SWYDDOG(ION) ARWEINIOL / LEAD OFFICER(S):	CYFARWYDDWR CORFFORAETHOL (CYLLID)/CORPORATE DIRECTOR (FINANCE)
SWYDDOG CYSWLLT / CONTACT OFFICER:	DAVID ELIS-WILLIAMS (Ffôn/Tel:2601)

1. Rheswm/Rhesymau pam fod angen penderfyniad gan y Pwyllgor Gwaith / Reason/s why a decision required from the Executive

Monitro Cyllidol/
Financial Monitoring.

2. Crynodeb o'r adroddiad / Report summary

Adroddiad Blynyddol ar weithgareddau Rheoli Trysorlys ar gyfer 2009/10 sy'n adolygu cydymffurfiaeth gyda'r Strategaeth Rheoli Trysorlys ac yn adrodd ar fenthyca a pherfformiad buddsoddi yn ystod y flwyddyn. /

Annual Report on Treasury Management activities for 2009/10 which reviews compliance with the Treasury Management Strategy and reports on borrowing and investment performance during the year.

3. Argymhelliad/Argymhellion a'r rhesymau / Recommendation/s and reasons

Anfon ymlaen i'r Cyngor Sir a'r Pwyllgor Archwilio yn gyson gyda phenderfyniad y Cyngor Sir. /

Forward the report to the County Council and the Audit Committee consistent with the Council's decision.

4. Opsiynau eraill a'r rheswm/rhesymau dros eu gwrthod / Other options and reason/s for rejection

N/a - Angen i gydymffurfio a phenderfyniad blaenorol y Cyngor Sir.

Required to comply with previous decision of County Council.

5. Ymgynghori / Consultation

5.1	Cyllid/Adran 151 Finance/Section 151	✓ do/yes	naddo/no	
5.2	Swyddog Cyfreithiol/Monitro Legal/Monitoring Officer	✓ do/yes	naddo/no	
5.3	Adnoddau Dynol Human Resources	do/yes	naddo/no	✓ amherth n/a
5.4	Gwasanaethau Eiddo Property Services	do/yes	naddo/no	✓ amherth n/a
5.5	Rhai eraill yr ymgynghorwyd â nhw (yn cynnwys Aelodau) Others consulted (including Members)			

6. Unrhyw faterion Fframwaith Polisi / Any Policy Framework issues

Dim yn berthnasol/
N/a

7. Papurau cefndirol / Background papers

1. INTRODUCTION

1.1 The Council has adopted the Code of Practice on Treasury Management in the Public Services. Following this code, and the Treasury Management Policy Statement adopted by the Council under the code, I am required to present a report on Treasury Management activities. This is the Annual Report on financial year 2009/10 which reviews compliance with the Treasury Management strategy and reports on borrowing and investment performance during the year. This report is due to be presented to the Council by 30 September. The Council has resolved that the report is also considered by the Audit Committee.

1.2 Under the Prudential Code it is a requirement that all local authorities set Prudential Indicators for borrowing and investing among other factors each year. The Council confirmed its limits for 2009/10 on 4 March 2009 and outturn information is provided. It also amended the approved counterparty list.

1.3 The report also includes comparative information sourced from Cipfa Statistics and Benchmarking Clubs.

2. ECONOMIC CONDITIONS

2.1 The Authority's Treasury activities during the year were undertaken against a background of turbulence in the economy and continuing troubles in the banking sector. I refer to the economic background at Appendix 1 and in each relevant section below.

2.2 2008/09 was the year in which Bank Rate was reduced without precedent and in a manner which could not have been foreseen at the start of the year. It was also the year in which some Icelandic banks defaulted, affecting some local authority deposits, changing the reputation of both parties for ever, and radically changing the conduct of Treasury Management – although ultimately the fall in interest rate had a far greater effect on local authorities in aggregate than did the Icelandic losses. Last year was more stable, but recovery was far slower than originally envisaged by the markets. There was a pattern of reviews which extended the recovery period : in February 2009, it was anticipated that Bank Rate would start increasing in quarter 2 2010 and recover to 4% by the first quarter of 2012 – by now the projection is that increases will start in quarter 2 2011 and will not reach 4% until after 2014.

3. CURRENT PORTFOLIO

3.1 The borrowing and investment figures as at the end of last year are as follows:

	31 MARCH 2009			31 MARCH 2010		
	£000	%	Mat	£000	%	Mat
Public Works Loans Board – fixed	90,122	5.56	32.1 yrs	97,615	5.40	29.5 yrs
Investments	17,500	3.40		15,000	2.88	
Deposits (no notice)	8,525	0.80		7,575	0.80	
Net position	64,097	-	-	75,040	-	-

These are disclosed in the Council’s balance sheet at “fair value”: see Appendix 2.

3.2 The average Public Works Loans Board (PWLB) maturity is 29.5 years (32.1 years in 2009). The Borrowing Requirement is likely to increase by up to £20m over the next few years as a result of unsupported borrowing for upgrading housing stock, subject to changes to UK Treasury policies and decisions.

3.3 The trend towards lower fixed term interest rates on the loans portfolio continued this year because new borrowing was taken at rates that are significantly lower than the average rate on the portfolio. These transactions also shortened the average length of the portfolio.

3.4 Part of the Council's deposits is held in no notice deposit accounts which pay interest at rates near the prevailing base rate (£7.6m, £8.5m in 2009). Of the remaining deposits, £15m were being held for periods of up to 364 days at 1% to 6.55% (£12.5m @ 2.12% to 2.15% in 2009). There were no investments over 364 days (one of £5m at 6.55% in 2009).

4. BORROWING TRANSACTIONS AND PERFORMANCE AGAINST THE STRATEGY

4.1 **Borrowing transactions:** Two long term borrowing transactions were entered into during the year see paragraph 5.2:-

Date	Amount	To	Rate
20/8/2009	£5.0m	16/1/2019	3.72%
13/10/09	£2.5m	06/06/17	3.25%

4.2 Our treasury strategy for 2009/10, adopted in March 2009, was based on our view that there was an intensifying global recession which would not only require central bank rates to be cut to unprecedented historically low levels, but could also require further action from central banks to reverse the downward path of economies.

Bank Rate was expected to continue falling, reaching 0.5% in March 2009 and then stay there throughout 2009/10 before starting to rise after the second quarter of 2010. However, there was a downside risk to this forecast if the recession proved even deeper and longer than expected at that time; this would mean that the first rise in Bank Rate would be delayed.

The effect on interest rates for the UK was therefore expected at the start of the year to be as follows:-

Shorter-term interest rates – The "average" City view anticipated that Bank Rate would fall to 0.5% and remain there at the end of 2009 due to the scale of the recession before starting to rise back towards more normal levels in 2010, though it would be 2012 before Bank Rate returned to around 4%.

Longer-term interest rates – The view on longer-term fixed interest rates, 50 years, was that they would remain around 3.90 – 3.95% during 2009/10 with the 25 year rate being about 10 – 15 basis points (bps) higher.

The Adopted Treasury Strategy – based upon the above, the main strategies were:

- For authorities wanting to focus on the very cheapest PWLB borrowing, the under 10 year rates would provide significantly cheaper rates than longer term borrowing. Under 5 year rates were also expected to be significantly lower than 5-10 year rates. Rates were expected to be slightly lower at the middle to end of the year than earlier on so it may be advantageous to borrow later in the year.

- For authorities wanting to lock into historically low long term rates, there was expected to be little difference between 25 year and 50 year rates. However, despite the minimally more expensive new borrowing rates expected in the 25 – 30 year period later in the year, these could be seen as being much more attractive than 50 year borrowing as the spread between the PWLB new borrowing and early repayment rates was considerably less. This would then maximise the potential for debt rescheduling at a later time by minimising the spread between these two rates.

- This strategy would also mean that after some years of focusing on borrowing at or near the 50 year period, local authorities would be able to undertake borrowing in a markedly different period and so achieve a better spread in their debt maturity profile.

- When long term PWLB rates fell back to the central forecast rate of about 3.95%, borrowing should be made at any time in the financial year. A suitable trigger point for considering new fixed rate long term borrowing, therefore, would be 3.95%. The central forecast rate would be reviewed in the light of movements in the slope of the yield curve, spreads between PWLB new borrowing and early payment rates, and any further changes that the PWLB may introduce to their lending policy and operations.

- Consideration would also be given to borrowing fixed rate market loans at 25 – 50 basis points below the PWLB target rate if they became available again.

Against this background, caution was to be adopted with the treasury operations in 2009/10. The Corporate Director (Finance) was to monitor the interest rate market and adopt a pragmatic approach to any changing circumstances.

4.3 Economic influences and interest rates during the year are shown at Appendix 1 and 3. The appendix shows that the fixed rate borrowing, at 3.72% for 9 years, and 3.25% for 8 years was achieved in the appropriate range. Average rates compared to other local authorities up to 2008/09 are shown at Appendix 4 and comparisons obtained from the benchmarking club are shown at Appendix 5. Generally, new borrowing is achieved at comparatively low rates and although we are catching up with the better performers, the average portfolio rate continues to be higher than average rates across local authorities.

5. RESCHEDULING ACTIVITY

5.1 Our advisers started 2009/10 with the expectation that longer-term PWLB rates would be on a rising trend during the year and that shorter term rates would be considerably cheaper. However, moving from long term to short term debt would mean taking on a greater risk exposure to having to reborrow longer term in later years at considerably higher rates than most of the long term debt currently in the debt portfolio. Short term savings could be achieved by internally financing new capital expenditure and replacing maturing debt by running down existing cash balances which were only earning minimal rates of interest due to the fact that Bank Rate was kept at 0.5% all year. Running down cash balances also meant reduced counterparty risk on the investment portfolio.

5.2 Our view was that there were still benefits in externalising borrowing and that the risks in carrying externalised investments could be managed. No rescheduling activity was undertaken during the year.

5.3 On 1st November 2007 the PWLB had imposed two rates for each period, one for new borrowing and a new, significantly lower rate for early repayment of debt. The differential between the two rates ranged from 26bp (basis points) in the shorter dated maturities to over 40bp in the longer ones. They also introduced daily movements of 1bp instead of 5 bp and rates in half year periods throughout the maturity range (previously had been mainly in 5 year bands). These changes effectively prevented the Council from planned restructuring of the portfolio into new PWLB borrowing during the year

6. INVESTMENT ACTIVITY

6.1 The Council administers its investments internally at present and invests with the counterparties on the approved investment list for periods up to 5 years. On average £36.8m was invested during the year, earning interest of 2.0% on average, against a benchmark of 0.42% (7 Day LIBID Rate uncompounded) and an average base rate of 0.5%. The running return at the year end had fallen to 2.18%.

6.2 The Treasury Management Policy allows up to £15m to be invested for longer periods (over 364 days) to facilitate security and better return. In June 2008 a £5m deposit was made for two years at 6.55% with a major UK bank. This has provided very good value in the light of the collapse of the markets only four months later, but this has now matured. The investments during the year were mainly on call. Five investments were made at £5m each in the periods 3 months; 6 months; 9 months; 1 year. The effect was that as at 31 March 2010, all investments were due to mature within three months of year end, except one tranche of £5m maturing in March 2011.

6.3 Average rates achieved in 2008/09 compared to other local authorities are shown at Appendix 6. Results from benchmarking activity in 2009/10 at Appendix 7 show returns for longer term investments being better than average because there was one investment still running at 6.55%. However, out performance in these areas individually was only just sufficient to outweigh the effect of having only a small proportion of the portfolio as longer term deposits and overall we outperformed the benchmarking club by just under 0.1% (excluding impaired assets).

On a month by month analysis, the Council's return is quite mixed in relation to the average in each month. Having underperformed the average by 0.85% in March 2009, we underperformed by 0.73% in April 2009. This was the result of the maturity profile of fixed term deposits. After April, performance in relation to the average improved to 0.80% out-performance before ending the year at 0.44% above average. It should be noted that some authorities in the benchmarking group continue to have very risk averse positions.

7. SECURITY AND CREDIT QUALITY

7.1 No institutions in which we had made investments had any difficulty in repaying investments and interest on time and in full during the year.

7.2 During 2008/09, credit ratings deteriorated across the range of our usual counterparties, including most building societies. After October 2008 it became increasingly difficult to place deposits with appropriate counterparties. In December 2008, I obtained the Council's approval to extend flexibility with counterparties to deal with market changes – including the ability to invest all our surplus funds with central government if necessary - but as I reported to members, I did not consider it necessary to make fundamental changes in investment practice. Our approach of listening to expert advice, taking account of market sentiment and being cautious enabled us to improve credit quality within existing counterparty lists.

7.3 The practical effect of these policies was as follows: During the year we continued to use no notice and short notice accounts with major high street institutions (Abbey and Bank of Scotland) for day to day cash flow. At the beginning of the year there were three fixed term investments (£17.5m) with high quality British banks including £5m invested for two years with Barclays Bank. Two of these matured and were replaced by deposits with Clydesdale Bank and Royal Bank of Scotland. These deposits have been reinvested with these two counterparties on maturity. It was not necessary to resort to depositing funds with central government.

8. EXTERNALISATION OF BORROWING AND INVESTMENTS

8.1 Generally, we aim to match, over time, the average outstanding debt for the year to the average Capital Financing Requirement. This means that revenue and other balances are invested externally on a more tactical basis (rather than repaying external debt). As explained in previous years this approach may appear costly in a low base rate environment. However we have modelled various options and have concluded that the externalisation option is best. This is because of the sensitivity of the Housing Subsidy calculations to different levels of debt and is the pattern followed by most local authorities with a Housing Revenue Account. This means that loans repaid prematurely are normally replaced by new borrowing.

Treasury activity for the previous year was less consistent with this approach, opening up an exposure to reduced Housing Subsidy. We reviewed the position again during 2009/10, taking advantage of the historically low borrowing rates in the light of projections for future rates.

8.2 As part of the financing of capital expenditure for last year a decision was taken to further externalise borrowing in view of the requirement for unsupported borrowing to finance the expenditure on housing stock under the Welsh Housing Quality Standard Programme. As a result of the financing decision and decisions on borrowing, the year end position was that external loans stood at £2.0m more than CFR. Projections for the current year have been updated consistent with this position.

9. COMPLIANCE WITH POLICIES AND LIMITS

9.1 During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Policy Statement and Annual Treasury Strategy Statement. The relevant Prudential Indicators are shown in Appendix 8.

10. EFFECT ON 2010/11 AND THE FINANCIAL STRATEGY

10.1 The agreed strategy for 2010/11 was based on an assumption that external borrowing would be £2.5m more than was actually taken. The effect is to reduce the charge to revenue for interest in 2010/11; this has been reported separately to the Executive as part of the Q1 Revenue Budget Monitoring report.

10.2 The level of borrowing means that the portfolio should remain safely within the limits approved and there is no reason to propose any changes to Treasury Limits at this time.

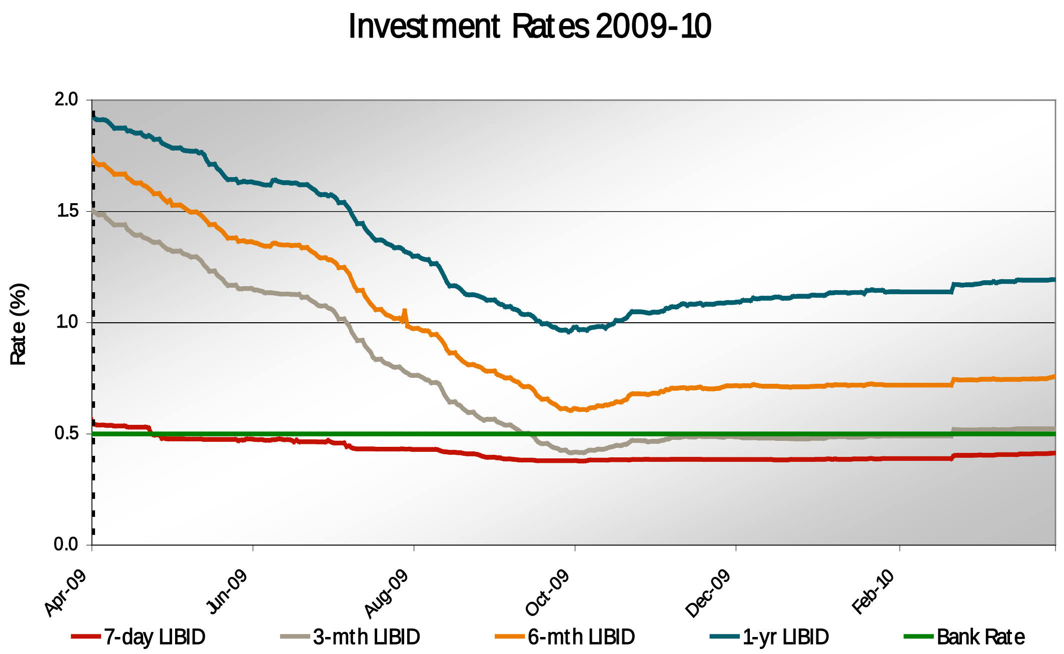
11. RECOMMENDATIONS

11.1 To accept the report.

11.2 To forward this report to the Council and also to the Audit Committee consistent with the Council's decision.

DAVID ELIS-WILLIAMS
CORPORATE DIRECTOR (FINANCE) **23 AUGUST 2010**

THE ECONOMY AND INTEREST RATES



2008 was a momentous year when one financial institution after another in America either collapsed or was taken over in the wake of the credit crunch, culminating in the catastrophic failure of Lehman's Brothers in September 2008 which then triggered in October the collapse of the Icelandic banks and the near collapse of three major UK banks. These three banks then needed another round of major Government support in January 2009. This prolonged financial shock to the core of the world's financial systems caused a worldwide recession to gather in pace and intensity during 2009/10 which dragged the UK economy down into its deepest and longest recession for many years.

During the autumn of 2008, the Monetary Policy Committee (MPC) had been preoccupied with the alarming escalation of the rate of inflation propelled by earlier increases in the price of oil, commodities and energy. Inflation peaked in September 2008 on CPI at 5.2%, way over the target rate of 2%. However, the MPC soon had to radically change course as it became ever clearer that inflation would rapidly decline as the credit crunch would plunge world economies into a major recession. An unprecedented cut of 1.5% in Bank Rate in November 2008 was followed by a 1% cut in December 2008 to 2.0% and then further cuts of 0.5% each month until 0.5% was reached in March 2009.

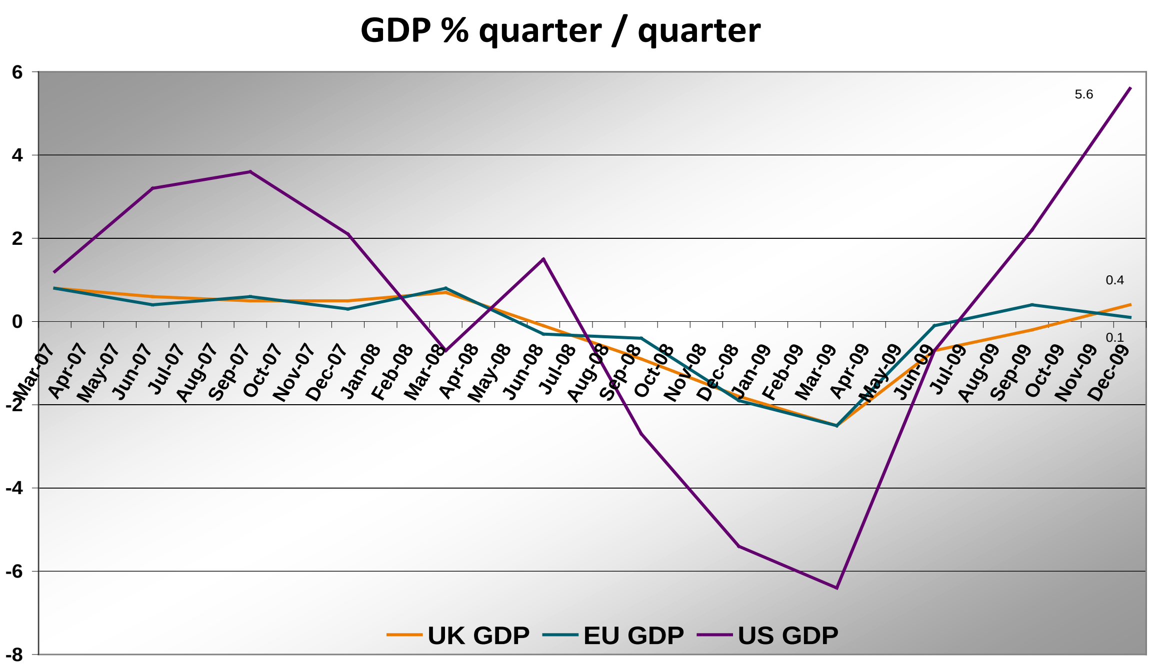
The 2009/10 financial year started with markets still badly disrupted, the real economy suffering from a lack of credit, short to medium term interest rates at record lows and a great deal of anxiety as to how or when recovery would take place.

Quarter	GDP (Q/Q%)
2007 Q1	0.7
2007 Q2	0.6
2007 Q3	0.5
2007 Q4	0.5
2008 Q1	0.6
2008 Q2	**-0.1**
2008 Q3	**-0.7**
2008 Q4	**-1.8**
2009 Q1	**-2.5**
2009 Q2	**-0.6**
2009 Q3	**-0.2**
2009 Q4	0.4

However, even the precipitous slashing of Bank Rate before the beginning of the year was unable to make much impact on the rate at which the economy was falling headlong into recession. Consequently, in March 2009 the MPC resorted to starting a programme of quantitative easing to pump liquidity into the economy in order to stimulate growth, by purchasing gilts and corporate bonds; this had the effect of boosting their prices and therefore reducing yields, so also lowering borrowing costs for both the corporate and public sectors. This programme of quantitative easing was progressively expanded during 2009 until it reached a total of £200bn of purchases in November. For the rest of the financial year, the MPC adopted a cautious approach of leaving further quantitative easing on hold in case growth in the economy needed further support. It was notable that the increase in money supply in the economy generated by this programme brought the credit crunch induced spread between Bank Rate and 3 month LIBID (investment rate that depositors could earn) down from 0.95% at the beginning of the financial year to zero during August 2009. Bank Rate itself remained unchanged at 0.5% all year

The dominant focus in 2009/10 was on quarterly GDP growth figures. As can be seen from the table above and the graph below, the recession in the UK bottomed out in quarter 1 of 2009. There was major disappointment that the end of the

The movement in GDP figures (economic growth) for the United Kingdom, Europe and the United States is illustrated in the graph below.



recession failed to materialise in Q3 2009 and the first figure issued for Q4 2009 was a further huge disappointment at only +0.1%. However, subsequent revisions saw that revised upwards to first +0.3% and then +0.4%.

Darn o adroddiad gan SECTOR, Ymgynghorwyr Rheoli Trysorlys

Extract from report by SECTOR , Treasury Management Consultants

Inflation has not been a major concern of the MPC during the year as it fell back below the 2% target level from June to November. However, it did spike upwards to reach 3.5% on the back of the unwinding of the temporary cut in VAT to 15% on 1 January 2010. This was not seen as a cause for alarm as this spike would fall out of the inflation index after one year and inflation was forecast by the Bank of England to fall back below target by the end of 2010 and to stay below 2% during 2011 and 2012 due to the large amount of surplus capacity in the economy which would keep wage inflation well damped down.

The year was marked by a tussle between two opposing outlooks in the financial markets. The pessimists expect weak UK growth, or even a double-dip recession, to depress economic activity and hence corporate profits and share prices, so causing gilt prices to rise and long term gilt yields and PWLB borrowing rates to therefore linger at historically low levels for a prolonged period.

On the other hand, the optimists expect a lively return to growth in the UK led by a rebalancing of the economy resulting from increased exports driven by rapid recovery in the US, EU and the rest of the world. This would boost corporate profits and share prices and so depress gilt prices, hence causing long term gilt yields to rise to much higher levels which would then be under pinned by major concerns about the total level of debt issuance by the Government to finance the annual deficit. Accordingly, there have been fluctuations in rates during the year as first one camp and then the other gained ascendancy.

The financial year ended with markets gradually gaining in confidence and optimism that the economy was indeed on the path to recovery, although it appeared to be fragile, and with some residual risk that there could still be a double-dip recession. This optimism was further enhanced by a return to strong economic growth in the US towards the end of 2009. The year also saw a major resurgence in share prices in the US, UK and Europe from a very depressed level in March 2009 on the back of this rise in optimism.

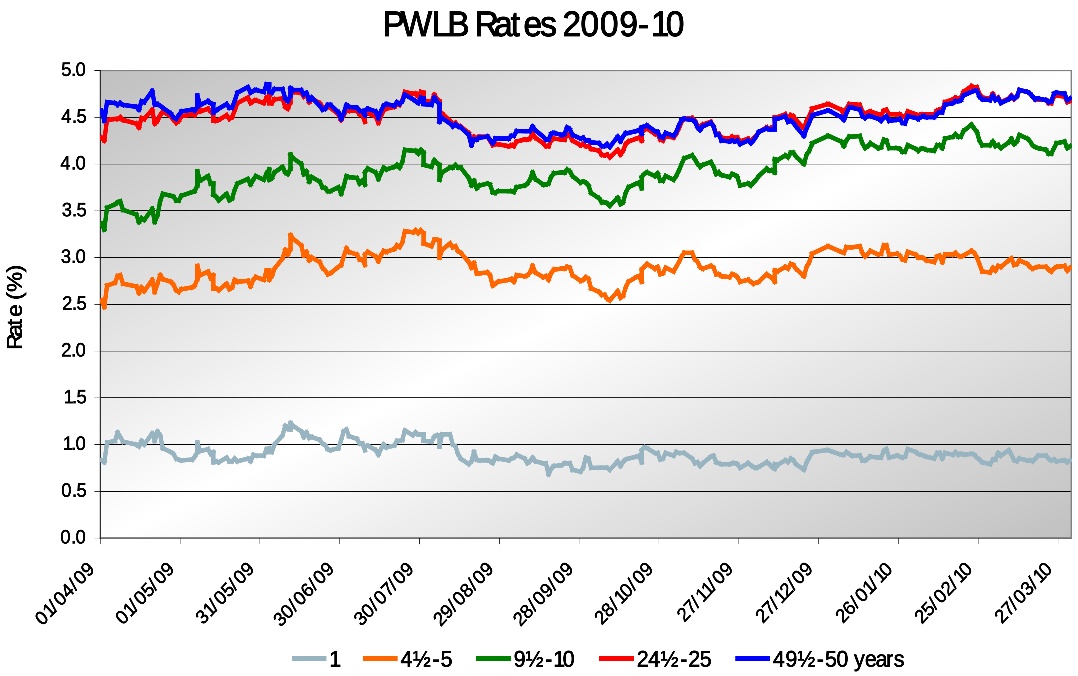
There were concerns in the US and UK that consumers would be reluctant to spend as they would be focusing on reducing their bloated levels of debt and would struggle to pay mortgages when they end their short term discounted rates at a time when switching mortgages to cheaper rates is still not a readily available option. Consumers were also mindful of the increases in taxation coming up and the threat to jobs from impending public sector reductions in expenditure. The UK needs to see strong growth in the EU, its major trading partner, in order for the UK economy to rebalance its economy towards export led growth. However, the continuing reluctance of EU consumers to spend leaves an uncomfortable question mark in this area.

On the positive side, the supply of credit had improved considerably during the year and the credit crunch induced spread between Bank Rate and 3 month LIBID had evaporated. The equity market ended in buoyant mode with shares being at their highest level for nearly two years. The reverse side of this coin though was that gilt prices had fallen and long term yields (and so PWLB long term borrowing rates) were getting near to their peak for the year. The bond markets ended the year with chronic fears about a possible Greek government debt default and commentators were remarking that both Greece and the UK were running similar size annual deficits as a percentage of GDP (expected to be over 12%). However, the UK was in a much stronger position than Greece e.g. due to its much lower level of total debt. However, there were frequent comments from credit rating agencies around a possible threat that the UK government could lose its AAA credit rating if after the

Darn o adroddiad gan SECTOR, Ymgynghorwyr Rheoli Trysorlys

Extract from report by SECTOR , Treasury Management Consultants

general election there was not a credible plan for how the promised reductions in the annual budget deficit would actually be achieved.



Darn o adroddiad gan SECTOR, Ymgynghorwyr Rheoli Trysorlys

Extract from report by SECTOR , Treasury Management Consultants

Summary Portfolio Valuation

As at 31 March 2010

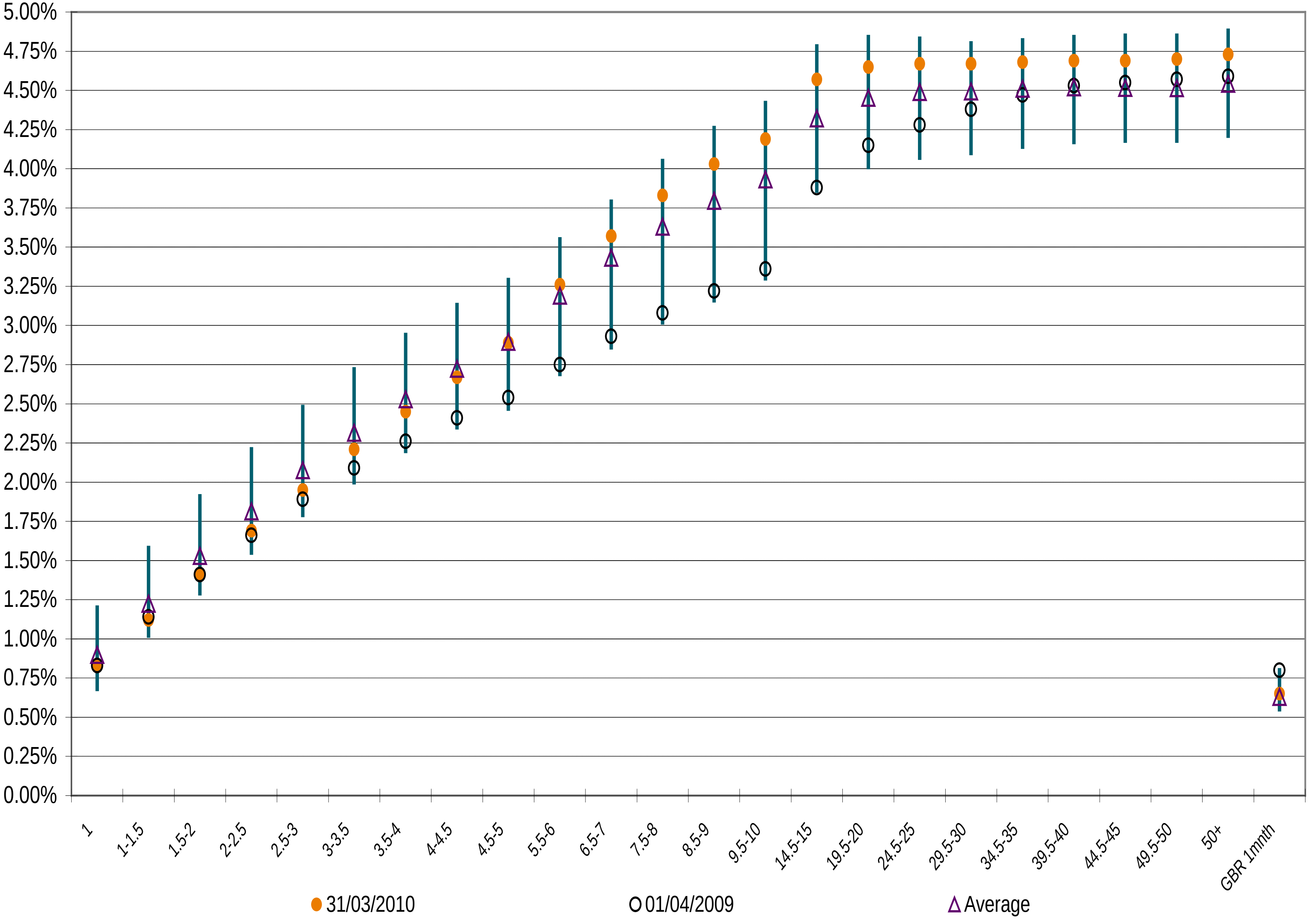
	Nominal/Principal	Fair Value
FINANCIAL ASSETS		
Cash (interest bearing accounts) (1)	£7,574,734	£7,646,079
Fixed Term Deposits (2)	£15,000,000	£15,688,934
FINANCIAL LIABILITIES		
PWLB loan - Maturity	£97,315,764	£113,131,765
PWLB loan - Annuity	£299,396	£451,116

Counterparties

(1) Cash (interest bearing accounts)		£7,574,734
	Abbey	
	Bank of Scotland	
(2) Fixed Term Deposits		£15,000,000
	Clydesdale Bank	
	Barclays Bank	
	Nationwide Building Society	

Atodiad/ Appendix 3

Graddfeydd PWLB 2009/10 PWLB rates



PERFFORMIAD PORTFFOLIO BENTHYCA : BORROWING PORTFOLIO PERFORMANCE Atod/App 4

BENTHYCA NEWYDD	2009/10	2008/09	2007/08	2006/07	NEW BORROWING
Ynys Môn	3.49%	2.51%	4.78%	4.25%	Ynys Môn
Cyfartaledd Cymru	*	4.0%	4.6%	4.3%	Wales Average
Safle yng Nghymru	*	1/10	10/12	=6/16	Welsh Ranking
Cyfartaledd Cymru a Lloegr	*	3.8%	4.6%	4.3%	Average Wales & England

CYFARTALEDD GRADDFA BENTHYCA (Yn Ystod y Flwyddyn)	2009/10	2008/09	2007/08	2006/07	NEWID/ CHANGE	AVERAGE BORROWING RATE (During Year)
Ynys Môn	5.5%	5.77%	5.84%	6.21%	-0.27%	Ynys Môn
Cyfartaledd Cymru	*	5.69%	5.7%	5.86%	No Change	Wales Average
Safle yng Nghymru (Drud)	*	=7/18	=9/17	=14/17		Welsh Ranking (Expensive)
Cyfartaledd Cymru a Lloegr	*	5.3%	5.4%	5.68%	-0.1%	Average Wales & England

Erbyn diwedd y flwyddyn roedd y cyfartaledd graddfa benthyca yn 5.40%.
By year end the average borrowing rate was 5.40%.

Mae graddfa'r portffolio wedi bod yn gymharol uchel. Er bod tystiolaeth bod graddfa'r Cyngor wedi bod yn disgyn yn arafach na'r cyfartaledd oherwydd patrymau benthyca'r gorffennol a'r lleihad mewn dyraniadau benthyca a gefnogir wrth i'r boblogaeth leihau, bu'r raddfa yn gwella yn gyson dros y blynyddoedd diwethaf gan ddal i fyny yn 2007/08 a pharhau i wella'n dda yn 2008/09.

The portfolio rate has been comparatively high. Although there is evidence that the Council's rate has been falling more slowly than other authorities because of past borrowing patterns and the fall in supported borrowing allocations as the population reduces, the rate has been improving steadily in the last few years, catching up in 2007/08 and continuing to improve well in 2008/09.

Gwybodaeth o Ystadegau CIPFA / Information from CIPFA Statistics

PERFFORMIAD ADNEUON / DEPOSIT PERFORMANCE

Atod/App 6

CYFARTALEDD GRADDFA ADNEUON	2009/10	2008/09	2007/08	2006/07	AVERAGE DEPOSIT RATE
Ynys Môn	2.04%	5.25%	5.69%	4.80%	Ynys Môn
Cyfartaledd Cymru	*	5.23%	5.8%	4.90%	Wales Average
Safle yng Nghymru	*	=6/18	=9/17	9/17	Welsh Ranking
Cyfartaledd Cymru a Lloegr	*	4.9%	5.2%	4.86%	Average Wales & England
Cyfradd Sail (Cyfartaledd)	*	3.61%	5.54%	4.81%	Base Rate (Average)
LIBID 7 diwrnod (cyfartaledd)	*	3.89%	5.58%	4.84%	7 day LIBID (average)
Cyfartaledd Grwp Maincnodi	*	5.02%	5.79%	4.88%	Benchmarking Group Average
Maincnodi Holl Awdurdodau	*	5.26%	5.78%	4.83%	Benchmarking All Authorities Average

Dylid nodi nad yw pob cyngor yn defnyddio'r un dull o glandro'r cyfartaledd graddfa llog a'i fod yn bosibl bod rhai cynghorau yn nodi graddfeydd uwch na'r cyfartaledd "dyddiol" sy'n cael ei ddefnyddio gan y Cyngor hwn. Mae'r ffigurau cymharol uchod yn cynnwys buddsoddiadau a weinyddir gan reolwyr allanol.

It should be noted that not all authorities use the same method of calculating average interest rates and that it is possible that some authorities record a higher rate than the "daily" average used by this Council. The above comparative figures include externally managed investments.

Gwybodaeth o Ystadegau CIPFA ac o'r marchnadoedd ariannol a Maincnodi IPF / Information from CIPFA Statistics, Market information and IPF Benchmarking

No	PRUDENTIAL INDICATORS	2008/09	2009/10	2010/11	2011/12
	EXTERNAL DEBT INDICATORS	£'000	£'000	£'000/	£'000/
10	**Authorised limit for external debt -**				
	borrowing	110,000	110,000	110,000	115,000
	other long term liabilities	2,000	2,000	2,000	2,000
	TOTAL	112,000	112,000	112,000	117,000
11	**Operational boundary**				
	borrowing	105,000	105,000	105,000	110,000
	other long term liability	2,000	2,000	2,000	2,000
	TOTAL	107,000	107,000	107,000	112,000
	TREASURY MANAGEMENT INDICATORS	£'000	£'000	£'000	£'000
14	**Upper limit for fixed interest rate exposure** expressed as Net principal re fixed rate borrowing/ investments	100,000	100,000	100,000	100,000
15	**Upper limit for variable rate exposure** expressed as Net principal re variable rate borrowing/investments	20,000	20,000	20,000	20,000
17	**Upper limit for total principal sums invested for over 364 days**				
	• to 2011/12	15,000	15,000	15,000	15,000
	• to 2013/14 included in above	8,000	8,000	8,000	8,000

16	Maturity structure fixed rate borrowing portfolio during 2008/09	upper limit	lower limit
	under 12 months	20%	0%
	12 months and within 24 months	20%	0%
	24 months and within 5 years	50%	0%
	5 years and within 10 years	75%	0%
	10 years and above	100%	0%